

REMARKS

The Office Action dated April 18, 2006 has been received and carefully reviewed. The preceding amendments and the following remarks form a full and complete response thereto. Claim 1-3, 6, 9 and 13-14 are amended as to matters of form only. No new matter has been added. Claims 1-16 and 18-21 remain pending in this application are submitted for reconsideration.

Claims 1-2, 13-14, 18-19 were rejected under 35 U.S.C. § 103(a) as being unpatentable as allegedly obvious over Freeney (USP 6,594,643) in view of Kane (USP 6,317,728). Claims 3-8, 15-16 and 21 were rejected under 35 U.S.C. § 103 (a) as being unpatentable as allegedly obvious over Freeney in view of Kane, and further in view of a non-patent publication, "PlexusGroup Commentary #59." Claims 9-12 were rejected under 35 U.S.C. § 103 (a) as being unpatentable as allegedly obvious over Freeney in view of Kane, and further in view of Horrigan et al. (USP 6,493,682). Applicants respectfully traverse each of the rejections and submit that claims 1-16 and 18-21 recite subject matter not disclosed or suggested by any combination of the cited prior art.

Claim 1, upon which claims 13 and 18-21 depend, defines a system for executing trades of securities according to predefined trading strategies. The system includes a plurality of servers. Each server is programmed with a specific trading strategy algorithm and is configured to receive a non-executable request for trading a number of shares of a security and to execute trade orders according to the specific trading strategy algorithm. The server executes the specific trading strategy algorithm

to generate one or more executable trade orders to be executed in a trade forum for carrying out the request and the one or more executable trade orders being generated according to a trading strategy. The servers are connected to a plurality of clients over a communication network. Each client is configured to generate and to transmit the non-executable trade order over the communication network to a selected server of the plurality corresponding to a selected trading strategy.

Claim 2, upon which claims 3-11 and 14-16 depend, recites a method for executing an executable trade order for a security. The method includes a step of providing a server connected to a communication network. The server is programmed with a specific trading strategy algorithm. The server is configured to receive a non-executable trade order for trading a number of shares of a particular security in a trade forum and to execute the specific trading strategy algorithm to generate one or more executable trade orders for carrying out the non-executable trade order according to a trading strategy. The method also includes a step of receiving at the server over the network, the non-executable trade order from a customer. One or more executable trade orders are generated for carrying out the non-executable trade order according to actions determined by the specific trading strategy algorithm. The one or more executable trade orders are executed in a trade forum according to actions determined by the specific trading strategy algorithm.

As a result of the claimed configuration, a novel system and method are provide for algorithmic trading wherein a non-executable trade order (e.g., "buy 100000 shares IBM) can be sent to a specific server to be executed according to a trade strategy (e.g.,

VWAP, SPI, etc.) and the server generates the necessary executable or “live” orders and submits them to a trade forum (e.g., market, ATS, ECN, etc.) for execution. Accordingly, the trader need only create a basic non-executable trade order and select a server/strategy.

Freeney is the primary reference that served as the basis for each of the rejections. In contrast to the present invention, Freeney is directed to an automatic stock trading system that receives trading *criteria* as input and generates a trade based on an analysis of trade data in view of the criteria. Freeney is quite different from the claimed invention because, *inter alia*, it fails to disclose a system and method for implementing a non-executable trade by generating a plurality of trades according to a selected trading strategy algorithm. Instead, Freeney merely discloses a system that can generate a trade based on *criteria* that is input.

Assuming arguendo that the generation of a trade order based on *criteria* could be considered similar to some sort of trading algorithm, Freeney still fails to disclose that a non-executable trade request is submitted, including a number of shares to be executed along with the selection of the trading strategy in which to execute the trade request. In Freeney, there is no concept of the selection of a trading strategy that is used to generate a plurality of executable orders.

None of the other cited references can cure the above-described deficiencies in Freeney. For example, Kane is directed to an artificial intelligence (AI) based trading system. The system utilizes computer “agents” that maintain a portfolio and which execute buy/sell orders in conformance with set up rules. Kane fails to disclose the

system and method of the present invention for generating and executing trades based on a non-executable request and a selected trading strategy.

Also, Horrigan fails to disclose the claimed arrangement. Horrigan is directed to a complicated set of algorithms, that decide whether to execute a proposed executable trade and does not disclose the system and method of the present invention for generating and executing trades according to trading strategies based on a non-executable request.

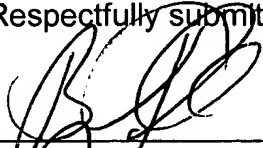
PlexusGroup merely describes a known trading algorithm, VWAP. Applicants have not claimed to have invented VWAP. Accordingly, Applicants submit that the Plexus-Group reference fails to cure the above-described deficiencies in the prior art and is irrelevant to the claimed invention.

Thus, Applicants submit that the combination of cited prior art fails to disclose or suggest each and every element of claims 1 and 2, upon which the remainder of the pending claims depend. Accordingly, Applicants request that the rejections be withdrawn and that claims 1-16 and 18-21 be allowed and requests that each of claims 1-16 and 18-21 be allowed and this application passed to issue.

If for any reason the Examiner feels that the application still is not in condition for allowance, the Examiner is requested to contact, by telephone, the Applicants' undersigned attorney at the indicated telephone number to arrange for an interview to expedite the disposition of this application.

In the event that this paper is not timely filled, Applicants respectfully petition for an appropriate extension of time. Any fees for such an extension together with any additional fees may be charged to Counsel's Deposit Account No. 02-2135.

Respectfully submitted,



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